



RED RIVER AUTHORITY OF TEXAS



A G E N D A

EXECUTIVE COMMITTEE MEETING and INVESTMENT COMMITTEE MEETING

Tuesday, January 14, 2020, 3:00 p.m.
Red River Authority of Texas
Administrative Offices
3000 Hammon Road
Wichita Falls, Texas

- Item One: Evaluation of the *Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2019 and 2018* and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 15, 2020 (See Board Book Item Six)
- Item Two: Evaluation of the Investment Activity Report for the Period Ended September 30, 2019 and a Resolution Adopting the Authority's Investment Policy and Investment Strategy, for the Ensuing Calendar Year and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 15, 2020 (See Board Book Item Seven)
- Item Three: Evaluation of the Indirect Cost Accounting Plan and Consider a Resolution for Adoption at the Board of Directors Meeting on Wednesday, January 15, 2020 (See Board Book Item Eight)
- Item Four: Annual Evaluation of the General Manager's Duty Assignments, Annual Performance, Salary Classification, and Recommendation for any Changes for Consideration by the Board of Directors at the Meeting on Wednesday, January 15, 2020
- Item Five: Other Business as the Committee May Deem Appropriate

RED RIVER AUTHORITY OF TEXAS

Executive and Investment Committee Meeting

Tuesday, January 14, 2020

The Executive Committee of the Board of Directors of Red River Authority of Texas met on Tuesday, January 14, 2020 at 3:00 p.m. in the Conference Room of Red River Authority of Texas in Wichita Falls, Texas with the following members and guests present:

Executive Committee:

Mr. Todd Boykin, Vice President, Amarillo

Michael R. Sandefur, Secretary-Treasurer, Texarkana

Mr. Stephen A. Thornhill, Assistant Secretary, Denison

Mr. Jerry Bob Daniel, Director, Truscott

Staff:

Mr. Randall W. Whiteman, General Manager, Wichita Falls

Ms. Danna P. Bales, Executive Assistant, Wichita Falls

Mr. Fabian A. Heaney, Assistant General Manager, Wichita Falls

Ms. Lana R. Hefton, Controller, Wichita Falls

Mr. Glen K. Hite, I.T. Systems Administrator, Wichita Falls

Guest:

Mr. David Parkman, Edgin, Parkman, Fleming and Fleming, PC,
Wichita Falls

Mr. Boykin called the meeting of the Executive Committee to order at 3:00 p.m.

Item One: **Evaluation of the *Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2019 and 2018* and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 15, 2020**

Mr. Parkman thanked the Committee for allowing his firm to perform the audit this year. He then provided an overview of the *Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2018 and 2017 (CAFR)*.

Item One: Evaluation of the *Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2019 and 2018* and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 15, 2020 (continued)

Referring to the Independent Auditor's Report on Financial Statements on page 1 of the *CAFR*, Mr. Parkman stated that based on their examination, the financial statements presented in the audit are materially correct and received a clean opinion.

Referring to pages 11 and 12 of the *CAFR*, Mr. Parkman provided an overview of the Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position for the years ended September 30, 2019 and 2018. He stated that the Authority ended up with a total net position of \$18,467,538, with the change in net position being \$696,790. He pointed out that the net pension assets this year were \$282,070, as opposed to last year of \$896,005. Discussion was then held on deferred outflows of resources with regards to pension.

Mr. Parkman then gave a brief overview of the Notes to the Basic Financial Statements, beginning on page 15 of the *CAFR*, as well as the Combining Schedule of Net Position, beginning on page 56 of the *CAFR*. Referring to the Combining Schedule of Net Position, he stated that the Authority has several Internal Service Funds that are presenting duplicated revenues and/or expenses. He added that when Government Accounting Standards Board (GASB) 34 went into effect (June 1999), that was no longer required, and are therefore shown in the eliminations column on that schedule. Mr. Thornhill asked if the Internal Service Funds could be removed completely, and Mr. Parkman replied that they could be removed. Discussion was then held regarding abolishing the Interfund Loan Fund beginning October 1, 2020, in order to simplify the Authority's accounting, as well as be more in compliance with GASB 34 rules.

Mr. Parkman also referred the Texas Commission on Environmental Quality's required Independent Auditor's Report on page 106 of the *CAFR*, and stated that it describes the scope of their testing of internal control and compliance, as well as the results of that testing. He added that the results disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Item One: Evaluation of the *Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2019 and 2018* and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 15, 2020 (continued)

Referring to the Management Letter located in the Board Book, Mr. Parkman stated that this letter does not affect their report dated January 7, 2020 on the financial statements. He explained that they did become aware of opportunities for strengthening internal controls and operating efficiency. Providing an overview of the Management Letter comments, he explained that an over billing in the amount of approximately \$1,200,000 in additional revenue took place in September 2019, due to less than previous meter readings. He stated that the error was caught, but since it was not corrected until after the fiscal year end, an audit adjustment in that amount was necessary. He also explained that the Authority's equity balances did not agree to the prior year's audited balances, due to two prior year audit entries not being posted, as well as two prior year audit entries being posted incorrectly. He added that since the larger over billing issue had been caught and corrected, they decided to include these items in the Management Letter, rather than list a deficiency in the *CAFR*.

Following additional minor discussion, Mr. Daniel made a motion that the *Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2019 and 2018* move out of the Executive Committee without any objections or issues for consideration of approval at the Board of Directors Meeting to be held on January 15, 2020. Mr. Thornhill seconded his motion, which passed unanimously by vote of **4 For** and **0 Against**.

Item Two: Evaluation of the Investment Activity Report for the Period Ended September 30, 2019 and a Resolution Adopting the Authority's Investment Policy and Investment Strategy for the Ensuing Calendar Year and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 15, 2020

Referring to Item 7 in the Board Book, Ms. Hefton discussed that the Portfolio Summary Report and the Investment Activity Report for the Period Ended September 30, 2019. She stated that there were no changes to the Investment Policy or Investment Strategy.

Item Two: Evaluation of the Investment Activity Report for the Period Ended September 30, 2019 and a Resolution Adopting the Authority's Investment Policy and Investment Strategy for the Ensuing Calendar Year and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 15, 2020 (continued)

Following discussion on collateral and interest rates, Mr. Sandefur made a motion that the Investment Activity Report for the Period Ended September 30, 2019 and a Resolution Adopting the Authority's Investment Policy and Investment Strategy and the Investment Officers for the Ensuing Calendar Year move out of the Executive Committee without any objections or issues for consideration of approval at the Board of Directors Meeting to be held on January 15, 2020. Mr. Thornhill seconded his motion, which passed unanimously by a vote of **4 For** and **0 Against**.

Item Three: Evaluation of the Indirect Cost Accounting Plan and Consider a Resolution for Adoption at the Board of Directors Meeting on Wednesday, January 15, 2020

Mr. Parkman stated that the Texas Commission on Environmental Quality requires that a list of eight agreed upon procedures be performed on the Authority's Annual Indirect Cost Accounting Plan, and stated that there were no discrepancies or findings. He also reminded that it is not an audit, it is just procedures tested to ensure the Authority's Indirect Cost Accounting Plan rates are correct.

Following minor discussion, Mr. Thornhill made a motion that a Resolution adopting the Indirect Cost Accounting Plan for the ensuing calendar year move out of the Executive Committee without any objections or issues for consideration of approval at the Board of Directors Meeting to be held on January 15, 2020. His motion was seconded by Mr. Sandefur, and the motion passed unanimously by a vote of **4 For** and **0 Against**.

The meeting took a break at 3:45 p.m. and reconvened at 3:50 p.m.

Item Four: Annual Evaluation of the General Manager's Duty Assignments, Annual Performance, Salary Classification, and Recommendation for any Changes for Consideration by the Board of Directors at the Meeting on Wednesday, January 15, 2020

Staff left the room at 3:52 p.m. and returned at 4:45 p.m. Mr. Daniel left and the meeting then moved to the next agenda item.

Item Five: Other Business as the Committee May Deem Appropriate

Discussion was held regarding the proposed changes to the Authority's Bylaws and the possibility of Mr. Boykin creating different committees of the Board.

With no more discussion, Mr. Sandefur made a motion to adjourn the Executive and Investment Committee Meeting of the Board of Directors at 4:58 p.m. Mr. Thornhill seconded the motion, which passed unanimously by a vote of **3 For** and **0 Against**.



Todd W. Boykin, President



Michael R. Sandefur, Secretary-Treasurer

